

REMARKS

This application has been reviewed in light of the Office Action dated May 28, 2008. Claims 1-7, 15-19, and 21 are presented for examination, of which Claims 1, 15, and 21 are in independent form. Claim 21 has been amended to define still more clearly what Applicants regard as their invention. Favorable reconsideration is respectfully requested.

The Office Action rejected Claim 21 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. Without conceding the propriety of this rejection, Claim 21 has been amended, with special attention to the points raised on page 2 of the Office Action and as suggested by the Examiner. Particularly, Applicants have amended Claim 21 to recite “[a] computer-readable storage medium” (emphasis added). Accordingly, it is believed that the rejection under Section 101 has been obviated, and its withdrawal is therefore respectfully requested.

The Office Action rejected Claims 1-7, 15-19, and 21 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 7,103,575 (*Linehan*) in view of U.S. Patent Application 2003/0195037 (*Vuong et al.*, hereinafter “*Vuong*”). Applicants respectfully traverse this rejection and submit that independent Claims 1, 15, and 21, together with the claims dependent therefrom, are patentably distinct from the cited art for at least the following reasons.

Claim 1 recites, in part, “determining a first terminal analysis result . . . [and] a first PIC analysis result, . . . [each] result indicating at least one of approving the transaction offline, approving the transaction online, and denying the transaction; and if the terminal system receives a PIC issuer’s response authorization during online authorization,

determining a second terminal analysis result, at the terminal system, based at least in part on a predetermined rule and at least one of the first terminal analysis result and the first PIC analysis result, the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction” (emphasis added).

On page 5, when rejecting Claim 1, the Office Action states:

If the terminal system receives a PIC issuer’s response authorization during online authorization (Linehan: Column 9 Line 45-53, Column 6 Line 41 – 44 and Column 8 Line 38 – 46: the smart card issuing bank responds to the authorizing request), determining a second terminal analysis result, at the terminal system, based at least in part on a predetermined rule (Linehan: Column 8, Line 38 – 46) and at least one of the first terminal analysis result (Linehan: Column 8 Line 22 – 24: the terminal makes a preliminary decision – i.e. the first terminal analysis result) and the first PIC analysis result (Linehan: Column 6 line 51 – 57: i.e. smart card authentication), the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction (Linehan: Column 10 Line 60 – 67 / Line 36 – 41: the second terminal analysis result assures the successful completion of the verification means in addition to the preliminary decision).

(Original emphasis removed, current emphasis added.)

As best understood by Applicants, the Office Action equated Applicants’ claimed “first terminal analysis result” with *Linehan*’s “Terminal Action Analysis” described in Col. 8, lines 22-24, and equated Applicants’ claimed “first PIC analysis result” with *Linehan*’s smart card authentication described in Col. 6, lines 51-57. The Office Action then appears to equate Applicants’ claimed “second terminal analysis result” with *Linehan*’s smart card authentication described in Col. 10, lines 60-67. Applicants have carefully studied those portions of *Linehan*, and *Linehan* as a whole, and are unable to agree with the Office Action’s characterization of that reference for the following reasons.

Foremost, Applicants respectfully submit that the smart card authentication described in Col. 6, lines 51-57 and the smart card authentication described in Col. 10, lines 60-67 are the exact same smart card authentication procedure. In particular, Col. 6, lines 51-57 and Col. 10, lines 60-67 of *Linehan* describe the dynamic data authentication procedure utilized in the EMV standard. *See Linehan*, Col. 6, lines 46-48, Col. 7, lines 50 and 51, and Col. 10, lines 47-49. Contrary to the Office Action's interpretation, those portions of *Linehan* do not refer to distinct authentication procedures. Thus, those portions of *Linehan*, and *Linehan*'s dynamic data authentication procedure, simply can not be reasonably equated with Applicants' claimed first PIC analysis result and second terminal analysis result which are distinct from each other. Applicants respectfully traverse the Office Action's reliance on the same authentication feature of *Linehan* as disclosing both the claimed "first PIC analysis result" and "second terminal analysis result," and respectfully request withdrawal of the rejection under 35 U.S.C § 103(a) for at least this reason.

Furthermore, regardless of the assumptions relied upon by the Office Action to address Applicants' claimed "first PIC analysis result" or "first terminal analysis result," *Linehan*'s dynamic data authentication procedure can not be reasonably equated with Applicants' claimed second terminal analysis result. As best understood by Applicants, the EMV dynamic data authentication procedure described by *Linehan* includes "[t]he POS terminal verif[ying] the smart card's signature, using a smart card certificate provided by the issuing bank and the issuing bank's certificate provided by one of several known certificate authorities." *See Linehan*, Col. 10, lines 60-64. Nothing in the EMV dynamic data authentication procedure described by *Linehan* is based on a previous result (e.g.,

Applicants' claimed first terminal analysis result or first PIC analysis result) where the previous result indicates at least one of approving the transaction offline, approving the transaction online, or denying the transaction.

Accordingly, Applicants respectfully submit that *Linehan* does not teach or reasonably suggest "determining a second terminal analysis result, at the terminal system, based at least in part on a predetermined rule and at least one of the first terminal analysis result and the first PIC analysis result, the second terminal analysis result indicating at least one of approving the transaction offline and denying the transaction," as recited by Claim 1 (emphasis added).

A review of *Vuong* has failed to reveal anything that, in Applicants' opinion, would remedy the deficiencies of *Linehan* discussed above, as applied against the claims herein.

For at least these reasons, Applicants submit that the Office cannot sufficiently establish a *prima facie* case of obviousness against Claim 1 in view of *Linehan* and *Vuong*, and that the proposed combination of *Linehan* and *Vuong*, even if deemed legally permissible or technically feasible, would fail to arrive at the method for securing a transaction of Claim 1 supporting a second terminal analysis result based on a previously determined first terminal analysis result or first PIC analysis result. Accordingly, the rejection under 35 U.S.C § 103(a) is deemed obviated, and its withdrawal is respectfully requested.

Independent Claims 15 and 21 include features similar to those discussed above with respect to Claim 1 and are believed to be patentable for at least the same reasons as discussed above with respect to Claim 1.

The other rejected claims in this application depend from one or another of the independent claims discussed above and, therefore, are submitted to be patentable for at least the same reasons. Because each dependent claim also is deemed to define an additional aspect of the invention, reconsideration of the patentability of each claim on its own merits is respectfully requested.

No petition to extend the time for response to the Office Action is deemed necessary for this Amendment. If, however, such a petition is required to make this Amendment timely filed, then this paper should be considered such a petition and the Commissioner is authorized to charge the requisite petition fee to Deposit Account 50-3939.

Applicants' undersigned attorney may be reached in our New York office by telephone at (212) 218-2100. All correspondence should continue to be directed to our below listed address.

Respectfully submitted,

/Jonathan Berschadsky/
Jonathan Berschadsky
Attorney for Applicants
Registration No. 46,551

FITZPATRICK, CELLA, HARPER & SCINTO
30 Rockefeller Plaza
New York, New York 10112-3801
Facsimile: (212) 218-2200